



# WaterReliability

**Rate Town Hall Presentation**

**Timothy Thomure, P.E., Tucson Water Director**

**Scott Clark, Tucson Water Deputy Director**

**April 2016**



**CITY OF  
TUCSON**



# Tonight's Presentation

- Tucson Water Profile
- Revenue Request and Rates:
  - Traditional
  - Smoothing
  - Examples for customer classes
- What customers are paying for:
  - Operations and Maintenance
  - Capital Projects
- Utility Bill
- Questions and Comments



CITY OF  
TUCSON

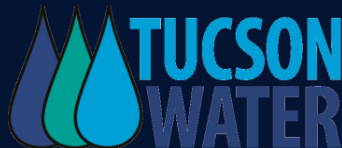


# Tucson Water Profile

- Enterprise fund of the city
- Serves 715,000 customers: 66% inside, 34% outside City limits
- Two separate systems: drinking water & reclaimed water
- 500+ full-time employees
- Largest water provider in Southern AZ
- Primary municipal user of CAP water
- \$1B in infrastructure and capital assets



CITY OF  
TUCSON



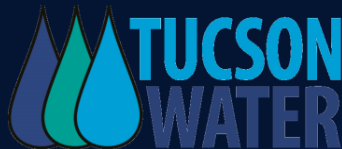


# Goals in Determining Rates

- Create fair rates and charges
- Encourage water conservation
- Avoid “price increase shock”
- Maintain revenue stability
- Pay the Utility’s debts

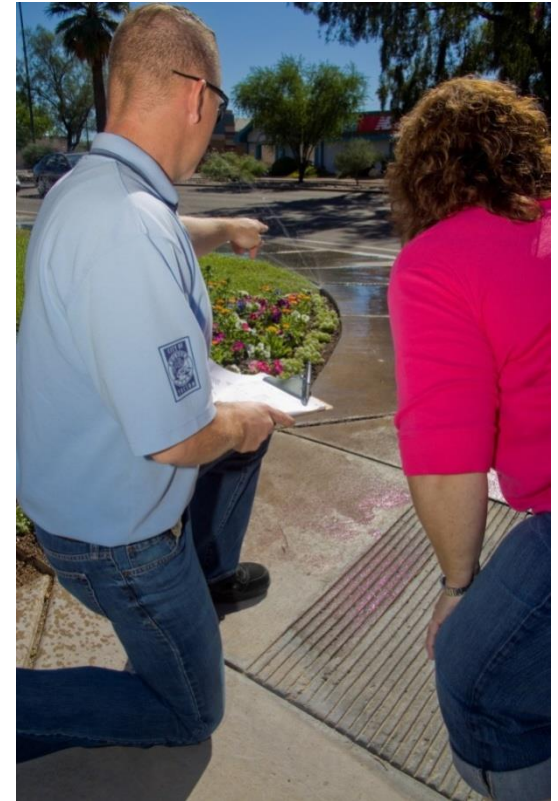


CITY OF  
TUCSON



# Ways Tucson Water is Holding Down Costs

- Detecting & stopping water waste
- Improving energy efficiency of pumping & distribution systems
- Storing CAP water for future use
- Continuous on-line monitoring
- Replacing meters
- Improving operating efficiencies
- Not filling vacant staff positions
- Deferring Capital Improvement Projects

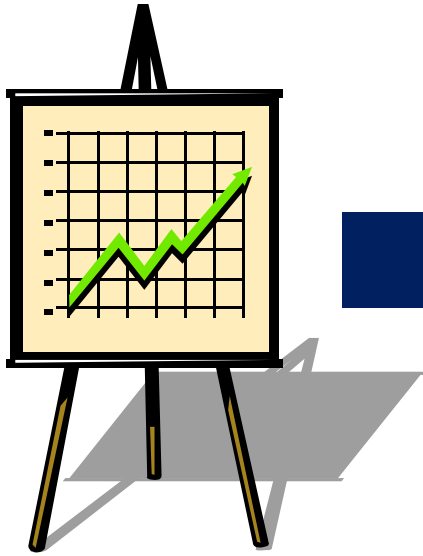


CITY OF  
TUCSON

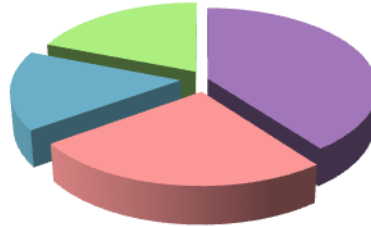


# The Tucson Water Rate Process

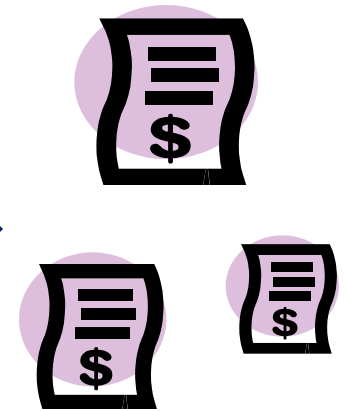
Financial Plan



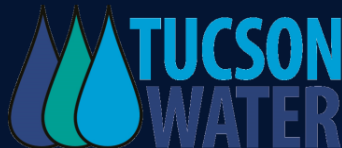
Cost of Service Analysis



Rate Design

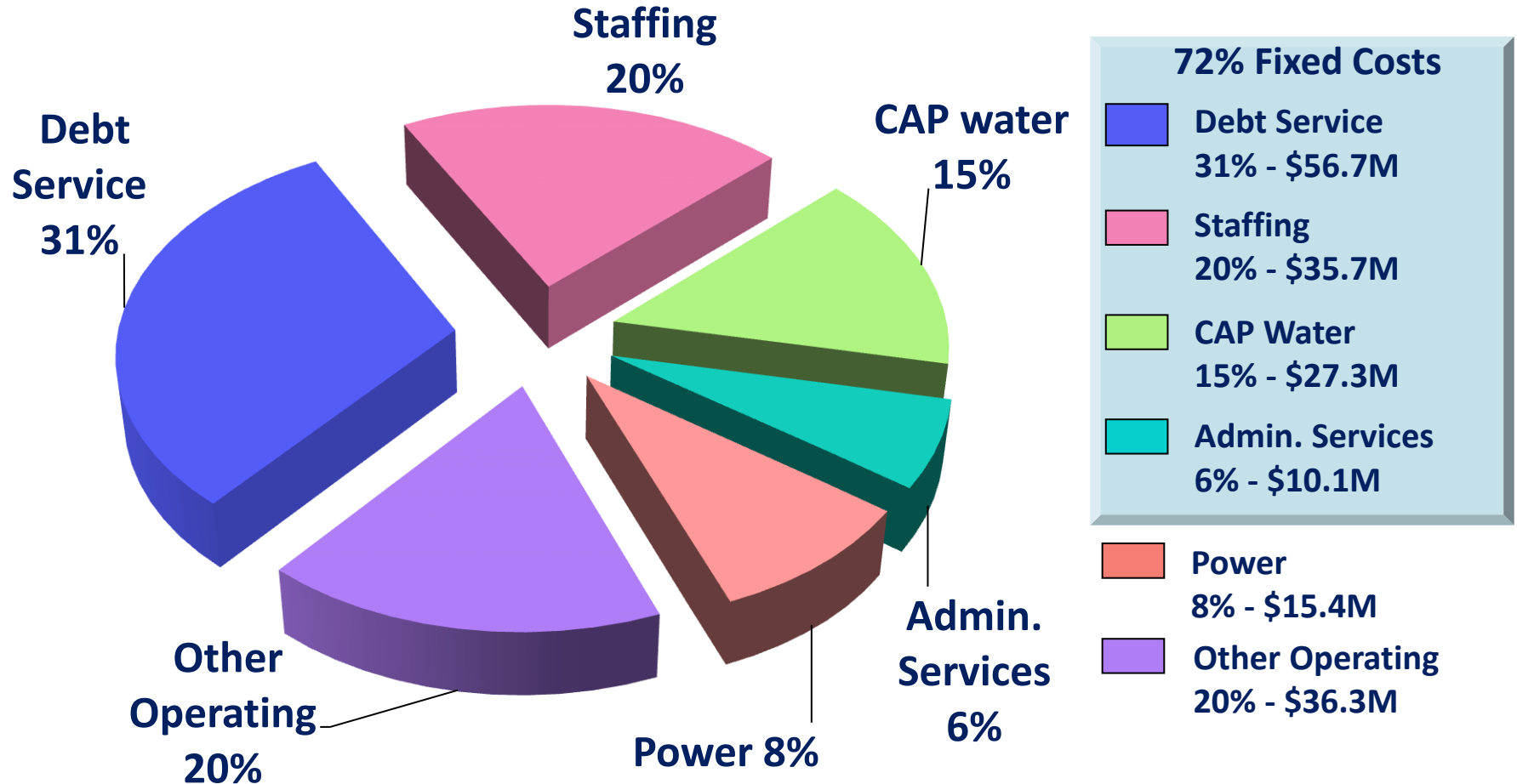


CITY OF  
TUCSON



# Operating & Maintenance FY 2017

\$181.5 million budget request



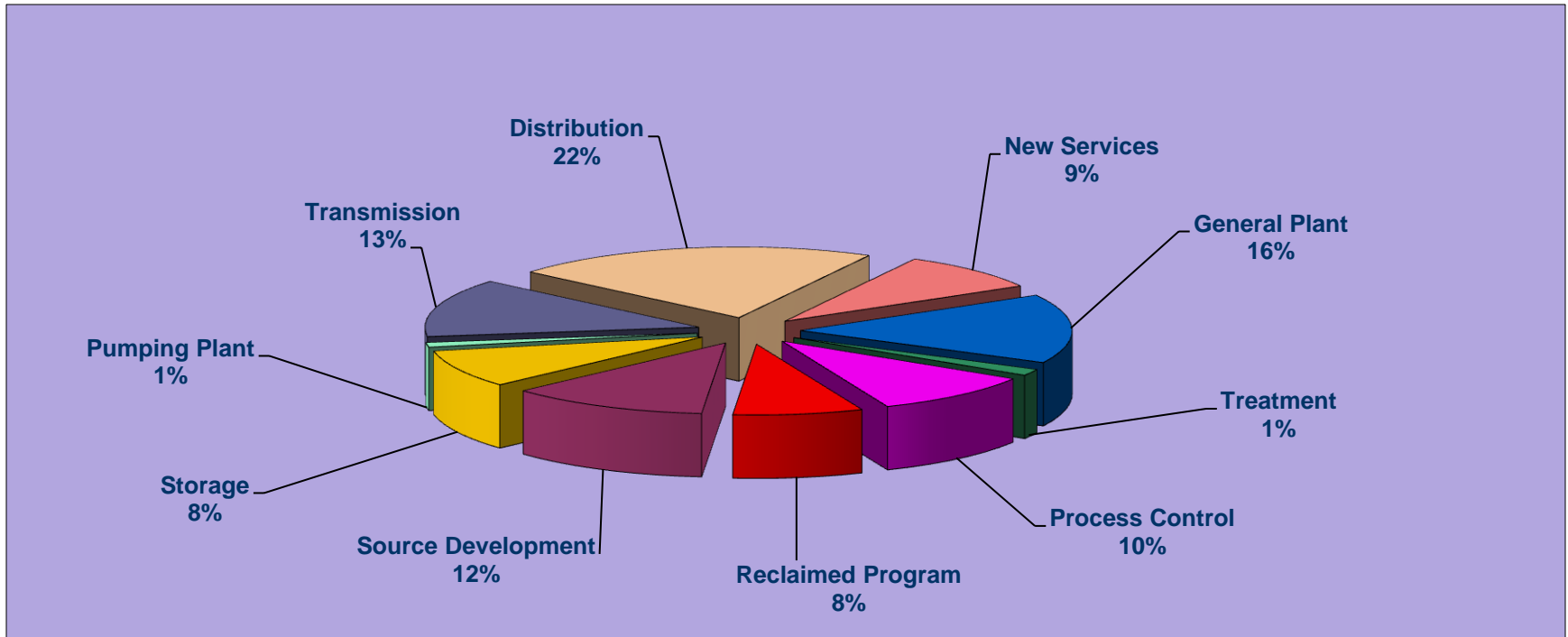
CITY OF  
TUCSON



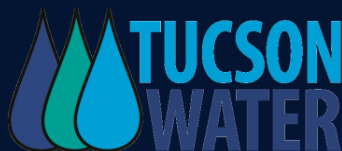


# FY 2017 – FY 2021 CAPITAL BUDGET

## \$231.1 Million



CITY OF  
TUCSON





# Tucson Water Revenue Request Proposal

- **Proposed Five-Year Financial Plan**
  - **7% annual revenue request FY 2017 – FY 2021**
- **Two Cost of Service Models for consideration**
  - **Traditional**
    - **Average weighted Residential Rate increase = 8.7%**
  - **Smoothing**
    - **Average weighted Residential Rate Increase = 7.5%**
- **Tucson Water is proposing two-year rate plan – FY 2017 & FY 2018**



CITY OF  
TUCSON



# Change From FY 16 to FY 17 Requested Budget

## FY 2017 Operating and CIP Budget Requirements at 7% Revenue Increase

	FY 2016 Adopted Budget	FY 2017 Requested Budget	Change
<b>Operating Budget Request as of November CWAC</b>		\$188,202,482	
<b>Total Department-wide Reductions to stay within a 7% Revenue Increase</b>		<b>(\$6,758,612)</b>	
<b>Total Reduced Operating Budget Request</b>	<b>\$172,069,690</b>	<b>\$181,461,870</b>	<b>\$9,392,180</b>
<b>Non Discretionary</b>		<b>84% of total budget</b>	
Debt Service	\$53,511,000	\$56,666,770	\$3,155,770 6%
Personnel costs <i>(Increases to group ins., workers comp., unemployment only)</i>	35,196,481	35,738,220	541,739 2%
CAP	26,316,020	27,252,100	936,080 4%
Power	15,913,825	15,422,420	<b>(491,405)</b> -3%
Admin Service Charge (Direct/Indirect)	9,990,440	10,307,957	317,517 3%
In Lieu property	1,600,000	2,000,000	400,000 20%
Legal	600,000	860,000	260,000 30%
Low Income Program	525,000	925,000	400,000 42%
Others include TARP and AOP maintenance management	687,120	1,727,200	1,040,080 60%
Conservation Loan Program*		300,000	300,000 100%
Stormwater Neighborhood Projects*		350,000	350,000 100%
<b>Total:</b>	<b>\$144,339,886</b>	<b>\$151,549,667</b>	<b>\$7,209,781</b>
<b>Water Reliability and Customer Service Budget Requirements</b>			
Maintenance, wells, valves, service lines, etc. previously CIP funded		\$3,170,000	\$3,170,000
Replacement Vehicles	714,000	2,000,000	1,286,000
Other misc. net reductions		(3,075,237)	(3,075,237)
New CSRs, Customer Service Training, Web Master, AMI PM		576,636	576,636
Utility Billing Upgrades		250,000	250,000
<b>Total:</b>		<b>\$2,921,399</b>	<b>\$2,207,399</b>
<b>Total FY2017 Increase:</b>			<b>\$9,417,180</b>
<i>*Conservation Fund</i>			
<b>Fiscal Year 2017 - 2021 Capital Improvement Program (CIP)</b>			
<i>The CIP program provides the investment needed to meet capacity and water quality demands of the Utility's customer base. The Fiscal Year 2017-2021 capital program will be funded through a combination of water revenues, water system revenue obligations, and other debt funding.</i>			
<b>CIP Budget Request as of October CWAC Presentation</b>			<b>\$ 280,138,000</b>
<b>Total CIP Reductions to stay within the 7% Revenue Request</b>			<b>\$ (49,069,000)</b>
<b>Total Reduced CIP Request:</b>			<b>\$ 231,069,000</b>



CITY OF  
TUCSON



# Average Residential Impacts

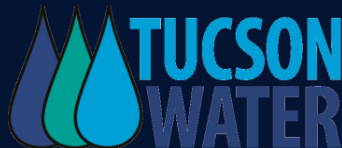
## FY 2016 Compared to FY 2017

TRADITIONAL	CCF's	FY 2017	FY 2016	Change	Percent
Winter Average	7	\$28.76	\$26.47	\$2.29	8.65%
<b>Annual Average</b>	<b>8</b>	<b>\$32.54</b>	<b>\$29.85</b>	<b>\$2.69</b>	<b>9.01%</b>
Summer Average	9	\$36.32	\$33.22	\$3.10	9.33%

SMOOTHING	CCF's	FY 2017	FY 2016	Change	Percent
Winter Average	7	\$28.62	\$26.47	\$2.15	8.12%
<b>Annual Average</b>	<b>8</b>	<b>\$32.35</b>	<b>\$29.85</b>	<b>\$2.50</b>	<b>8.38%</b>
Summer Average	9	\$36.08	\$33.22	\$2.86	8.61%



CITY OF  
TUCSON

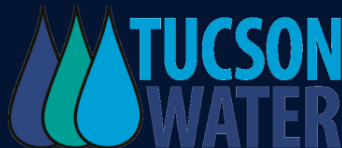


# Overall Rate impacts, typical Single Family Residential FY 17-18 (Traditional Model)

Ccf/mo.	FY	Change from Prior FY (%)	Change from Prior FY (\$)	Projected monthly cost (\$)
0 Ccf (fixed rates)	FY17	6.4%	\$0.76	\$12.67
	FY18	6.8%	\$0.86	\$13.53
3	FY17	7.9%	\$1.42	\$19.32
	FY18	8.1%	\$1.57	\$20.90
7	FY17	8.9%	\$2.30	\$28.20
	FY18	8.9%	\$2.52	\$30.72
9	FY17	9.5%	\$3.10	\$35.60
	FY18	9.1%	\$3.23	\$38.83
15	FY17	10.5%	\$5.49	\$57.79
	FY18	9.3%	\$5.37	\$63.17



CITY OF  
TUCSON





## Overall Rate impacts, typical Single Family Residential FY 17-18 (Smoothing Model)

Ccf/mo.	FY	Change from Prior FY (%)	Change from Prior FY (\$)	Projected monthly cost (\$)
0 Ccf (fixed rates)	FY17	6.4%	\$0.76	\$12.67
	FY18	6.8%	\$0.86	\$13.53
3	FY17	7.6%	\$1.36	\$19.26
	FY18	7.9%	\$1.51	\$20.78
7	FY17	8.3%	\$2.16	\$28.06
	FY18	8.5%	\$2.38	\$30.44
9	FY17	8.8%	\$2.86	\$35.36
	FY18	8.7%	\$3.09	\$38.45
15	FY17	9.5%	\$4.95	\$57.25
	FY18	9.1%	\$5.23	\$62.49



**CITY OF  
TUCSON**



# Rate changes for other components applies to all customer groups FY 17

	Current	Option 1 & 2	Difference
Base Service charge (5/8" meter)	\$11.90	\$12.67	\$0.77
CAP Charge (\$/ccf)	\$0.60	\$0.65	\$0.05
Conservation Fund	\$0.08	\$0.08	\$0.00



CITY OF  
TUCSON



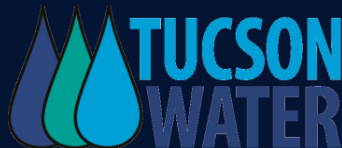
# Usage Charges for Other Customer Groups FY 17

	Current	Option 1 (Traditional)	Difference
Customer Group (\$/Ccf)*			
Multi-Family	\$2.55	\$2.67	\$0.12
Sub-Metered Mobile Home Pks	\$1.92	\$2.01	\$0.09
Commercial	\$2.46	\$2.55	\$0.09
Industrial	\$2.33	\$2.60	\$0.27
Construction	\$2.80	\$2.83	\$0.03

\*Difference in usage rates by customer group reflect updated cost-of-service analysis



CITY OF  
TUCSON



# Usage Charges for Other Customer Groups FY 17

	Current	Option 2 (Smoothing)	Difference
Customer Group (\$/Ccf)*			
Multi-Family	\$2.55	\$2.72	\$0.17
Sub-Metered Mobile Home Pks	\$1.92	\$2.03	\$0.11
Commercial	\$2.46	\$2.64	\$0.18
Industrial	\$2.33	\$2.60	\$0.27
Construction	\$2.80	\$2.95	\$0.15

\*Difference in usage rates by customer group reflect updated cost-of-service analysis



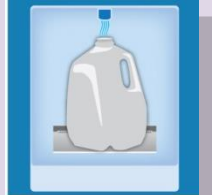


CITY OF  
TUCSON





# Safe, Renewable Tucson Water

Source	Price per gallon	
Tucson Water	Less than \$0.01	
Bottled (based on .5L 24 pack for \$4.99)	\$1.58	
Water Filling Stations (e.g. Water Street)	\$0.85	



CITY OF  
TUCSON



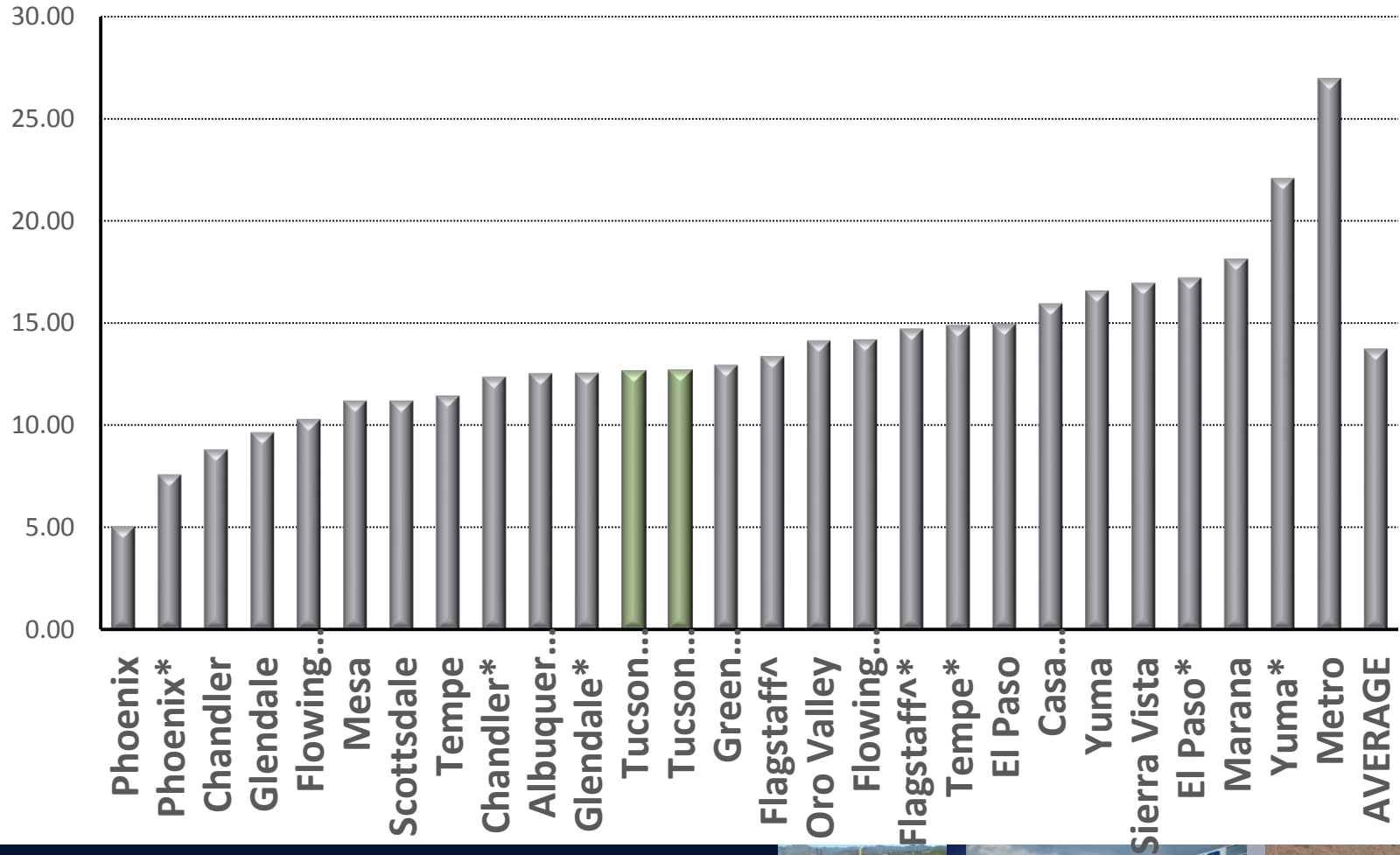
# Approximately 6,000 gallons delivered each month



CITY OF  
TUCSON



# Fixed Rates Comparison



CITY OF  
TUCSON





# Your Utility Bill

Page: 1 of 2



Tucson Water Customer Service Office  
Phone: 520-791-3242  
Outside Tucson: 800-598-9449  
[www.tucsonaz.gov/water](http://www.tucsonaz.gov/water)

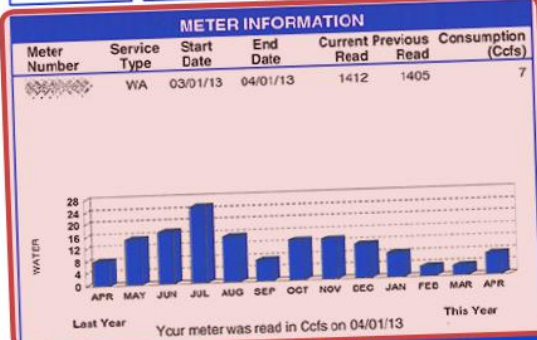
## UTILITY SERVICES STATEMENT

Account Name: [REDACTED]  
Account Number: [REDACTED]  
Service Address: [REDACTED]  
Bill Date: 04/02/13  
Service Period: 03/01/13 to 04/01/13  
Hours: 8:00 am - 5:00 pm MST (Mon-Fri)

Pima County Regional Wastewater  
Reclamation Department  
Phone: 520-724-6509  
[www.pima.gov/wwm](http://www.pima.gov/wwm)

City of Tucson Environmental Services:  
Phone: 520-791-3171  
[www.tucsonaz.gov/esd](http://www.tucsonaz.gov/esd)

Last Bill	Payments (Credits)	Deposits Applied	Adjustments	Balance Forward	New Charges	ACCOUNT BALANCE
\$53.99	-\$53.99	\$0.00	\$0.00	\$0.00	\$72.00	\$72.00



**ACCOUNT ACTIVITY**

LAST BILL	\$53.99
TOTAL PAID SINCE LAST BILL	-\$53.99
ADJUSTMENTS	\$0.00
BALANCE FORWARD	\$0.00
<b>NEW CHARGES</b>	
ENVIRONMENTAL SVCS FEES	\$17.93
SEWER VOLUME	\$32.14
WATER VOLUME	\$20.10
MISCELLANEOUS	\$1.83
<b>TOTAL NEW CHARGES</b>	<b>\$72.00</b>
<b>ACCOUNT BALANCE</b>	<b>\$72.00</b>
PAY THIS AMOUNT BY: 04/22/13	

**IMPORTANT MESSAGE**

Pledge online for water conservation and efficiency and make Tucson a top ten city in 2013's National Mayor's Challenge for Water Conservation. Last year, Tucson placed 6th in the nation. The Wyland Foundation, sponsors of the challenge, took note and are planning to visit Tucson as part of their national tour. The challenge goes from April 1-30 and is online only at [www.tucsonaz.gov/water/take-the-pledge](http://www.tucsonaz.gov/water/take-the-pledge).

Due date applies to current charges ONLY.  
Any balance forward is due now.  
Please allow 7 days for payments to post to your account.  
A \$28.00 fee will be charged for any returned check.

Total Water charges incurred this month equal \$20.10

\$72.00 is the total for 3 services

- Tucson Water
- Environmental Services (City residents)
- Pima County Wastewater

Meter info and water consumption history for 12 months so customers can note trends & changes. Water is measured in 100 cubic feet (Ccf), where 1 Ccf = 748 gallons of water



UTILITY SERVICES  
PO Box 28804  
Tucson, AZ 85726-8804

Please fold on perforation before tearing and return bottom portion with your payment.

MAKE CHECKS PAYABLE TO:  
CITY OF TUCSON

Account Number: [REDACTED]  
Service Address: [REDACTED]  
Cycle-Route #: [REDACTED]

DUE DATE: 04/22/13

AMOUNT DUE: \$72.00

Open Space / Riparian Contribution (optional)

AMOUNT PAID:

Your tax-deductible contribution to "Open Space or Riparian Enhancement" will support the preservation of biologically-rich open space and the Conserve to Entrance program, an effort that links local river and wash enhancement with individual water conservation efforts. Visit [www.tucsonaz.gov/water/checkbox](http://www.tucsonaz.gov/water/checkbox) to learn more. Your contribution will not affect service fees.



CITY OF TUCSON  
PO BOX 28804  
TUCSON, AZ 85726-8804

00013482300013780600000072001

Front



# Charges Included on Your Bill

*Water consumption history. This household consumed 7 Ccf or 5,236 gallons during this billing period.*

## Water Rate Components

**Monthly Service Charge** – fixed charge per month based on meter size; typical residential meter is 5/8”.

**CAP Charge** – recovers a portion of costs to transport, recharge and recover CAP water.

**Conservation Fee** – fund dedicated to water efficiency and conservation programs.

**Volume Charges** – variable charge per unit of water consumption.

## Utility Services Statement - Continued Your Water Provider is: TUCSON WATER

Page: 2 of 2

CITY ITEMIZED ENVIRONMENTAL SERVICES CHARGES			
DESCRIPTION			AMOUNT
GRNDWTR PROTECT FEE			1.06
GARBAGE 95 GAL CURB			16.75
ES FUEL SURCHARGE			0.12
TOTAL:			\$17.93
PIMA COUNTY ITEMIZED SEWER CHARGES			
DESCRIPTION			AMOUNT
SERVICE FEE			11.86
SEWER RESIDENTIAL	SEWER FLOW VOLUME 6.33		20.28
TOTAL:			\$32.14
CITY ITEMIZED WATER VOLUME CHARGES			
DESCRIPTION	IN GALLONS	IN Ccfs	(1 Ccf = 748 GALLONS)
WATER USAGE			
THIS MONTH:	5,236	7	
LAST MONTH:	2,244	3	
THIS MONTH LAST YEAR:	5,984	8	
DESCRIPTION			AMOUNT
MONTHLY SERV CHRG			8.27
VOL 7.00 @ \$1.26			8.82
CAP CHARGE \$ .36/CCF			2.52
CONSV FEE \$ .07/CCF			0.49
TOTAL:			\$20.10
MISCELLANEOUS CHARGES			
DESCRIPTION			AMOUNT
CITY SALES TAX			0.40
STATE SALES TAX			1.43
TOTAL:			\$1.83

Back

# Preferred/Option 1 (Traditional): Sample Utility Services Statement

		Proposed rates			
		Current rate	FY 17	\$ difference	
Tucson Water Service*					
Monthly service charge		\$11.90	\$12.67	\$0.77	
Residential volume		\$12.50	\$14.04	\$1.54	
CAP		\$4.80	\$5.20	\$0.40	
Conservation fee		\$0.64	\$0.64	\$0.00	
Total Water		\$29.84	\$32.55	\$2.71	
Pima County Sewer Service**					
Monthly service charge		\$12.63	\$12.63	\$0.00	
Residential volume		\$28.18	\$28.18	\$0.00	
Total Sewer		\$40.81	\$40.81	\$0.00	
Tucson Environmental Services					
Groundwater protection fee		\$1.06	\$1.13	\$0.07	
95 gal. curb		\$16.75	\$16.75	\$0.00	
Recycling Surcharge		\$0.00	\$0.45	\$0.45	
Community Services Fee		\$0.00	\$1.11	\$1.11	
Total Environmental		\$17.81	\$19.44	\$1.63	
	Total	\$88.46	\$92.80	\$4.34	4.9%

\* Water service based on average 8 Ccfs

\*\*Sewer service based on average 7 Ccfs

## Option 2 (Smoothing): Sample Utility Services Statement

		Proposed rates			
		Current rate	FY 17	\$ difference	
Tucson Water Service*					
Monthly service charge		\$11.90	\$12.67	\$0.77	
Residential volume		\$12.50	\$13.85	\$1.35	
CAP		\$4.80	\$5.20	\$0.40	
Conservation fee		\$0.64	\$0.64	\$0.00	
Total Water		\$29.84	\$32.36	\$2.52	
Pima County Sewer Service**					
Monthly service charge		\$12.63	\$12.63	\$0.00	
Residential volume		\$28.18	\$28.18	\$0.00	
Total Sewer		\$40.81	\$40.81	\$0.00	
Tucson Environmental Services					
Groundwater protection fee		\$1.06	\$1.13	\$0.07	
95 gal. curb		\$16.75	\$16.75	\$0.00	
Recycling Surcharge		\$0.00	\$0.45	\$0.45	
Community Services Fee		\$0.00	\$1.11	\$1.11	
Total Environmental		\$17.81	\$19.44	\$1.63	
	Total	\$88.46	\$92.61	\$4.15	4.7%

\* Water service based on average 8 Ccfs

\*\*Sewer service based on average 7 Ccfs

# When you pay your **water bill**...



**68%** of households use

**8 Ccfs or less  
each month**



## **Water Supplies**

Purchase CAP Water  
Water Storage for Future  
Develop New Resources



## **Water Quality**

Water Quality Lab  
Treatment  
Testing  
Monitoring  
Reporting



## **Water Customers**

Customer Service  
Online Services  
Meter Reading  
Water Audits



## **Water Operations/Systems**

Reservoir Rehab  
Pipeline Protection  
Capital Projects  
System Maintenance



## **Water Efficiency**

Conservation Rebates  
Energy Efficiency  
K-12 Education Programs

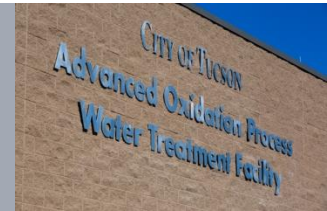


# Low Income Assistance Program

- Program continues at 50% monthly water bill credit
- Approximately 4,000 participants currently use close to \$900,000 annually in funds allocated for low income assistance
- Credit applies to both Base (Fixed) Service Charge and Variable Usage Charges



CITY OF  
TUCSON



# Ways to Learn More About Water Rates, Service Fees & Water Reliability



Website for rates & fees, rebates, reports & more  
**[tucsonaz.gov/water](http://tucsonaz.gov/water)**

---



Call to request more info or group presentation  
**(520) 791-4331 (800) 598-9449**  
**(520) 791-2639 TDD**

---



Email public information office  
**[pico@tucsonaz.gov](mailto:pico@tucsonaz.gov)**

---



Follow Tucson Water on Facebook  
**[facebook.com/tucsonwater](https://facebook.com/tucsonwater)**

---



Attend May 17, 2016, Mayor and Council public hearing on  
proposed rates and fees



CITY OF  
TUCSON



# Questions or Comments?



CITY OF  
TUCSON

